



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 2/10/2006

GAIN Report Number: RS6006

Russian Federation

Oilseeds and Products

February Monthly Update

2006

Approved by:

Allan Mustard
American Embassy, Moscow

Prepared by:

Kimberly Svec and Yelena Vassilieva

Report Highlights:

The total oilseed crop in Russia exceeded 7.0 million metric tons (mmt). The official sunflower seed crop was 6.4 mmt in 2005, marking a record high for the last 15 years. Despite a 20-percent export duty, Russia is forecast to export 420,000 metric tons of seeds. Crush of sunflower seeds is forecast to increase to 5.3 mmt, providing a base for increased domestic consumption and exports of meal and oil.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Moscow [RS1]
[RS]

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Executive Summary

The total oilseed crop in Russia exceeded 7.0 million metric tons (mmt) in 2005. The official sunflower seed crop was 6.4 mmt for 2005/06 – a record high in Russia for the last 15 years. Despite the 20-percent export duty, Russia is forecast to export 420,000 metric tons of seeds. Crush of sunflower seeds is forecast to increase to 5.3 mmt, providing a base for increased exports of meal and oil. Flexibility in the export of sunflower seeds, meal and oil is largely due to growing influence of big domestic and international companies in the Russian oilseeds industry.

Production

Russian oilseed production exceeded 7.0 million metric tons (mmt) for the first time in 2005, including 6.4 million metric tons (mmt) of sunflower seeds. Official data on the production of other oilseeds is not available yet, but the crop is not likely to be lower than the 5-year average of 650,000 metric tons.

Consumption and Domestic Prices

Crush domestic consumption of oilseeds will exceed 5.6 mmt, including almost 5.2 mmt of sunflower seeds. Experts estimate that Russia can crush up to 6.0 mmt of seeds, and the capacity of modern crushing factories is increasing. However, the bumper sunflower seed crop and increased production of vegetable oil have already pushed down sunflower seed and sunflower seed oil prices. According to AgroFact agency, the average price of sunflower seeds in European Russia increased from 6700 rubles per metric ton (mt), April 2005 to 7750 Russian rubles/mt in July 1, 2005. In July and early August, sunflower seeds were not traded, and commercial sales of sunflower seeds started in late August at 6,000 rubles/mt, and rose to 6,400 rubles/mt by the end of September. Prices dropped to 4,600 rubles/mt in mid-November, and recovered only to 4,900 rubles/mt by the end of January 2006. Prices of sunflower seed oil followed the same trend, reaching a peak of 21,000 rubles in the end of July, and dropping to 14,000 rubles/mt by the end of January. The U.S. dollar rate to rubles in this period fluctuated between 27.7 – 28.2 rubles per \$US 1.

Trade

Exports of sunflowerseeds and sunflowerseed oil

In October – November, Russia exported 140,400 metric tons of sunflower seeds, a record-high volume for the last 5 years in this period. Exports in November were 2.4 times stronger than in October and reached 85,400 metric tons (mt). In December, exports of sunflower seeds were said to maintain at the same level as in November, but official customs data are not available yet. The main destinations of sunflower seed exports in October – November were the Netherlands (39,300 mt), Spain (22,100 mt), Turkey (21,100 mt), Greece (9,600 mt), and Italy (more than 7,800 mt). Some experts forecast that total sunflower seed exports may reach 500,000 metric tons in MY 2005. Given that world oilseed prices are going down, the Russian 20-percent export duty will curb exports, and sunflower seed exports in MY 2005 are forecast at 420,000 metric tons. In the longer run, growing world demand for vegetable oil for fuel may stimulate both Russian sunflower seed and sunflower seed oil exports either to be processed into fuel, or to replace rapeseed oil and some other fuel-targeted vegetable oils. The role of international companies in Russian oilseeds industry increased, and they are more flexible in finding international markets for their products.

Exports of sunflower seed meal

Crush of sunflower seeds has increased, and sunflower seed meal production is forecast to increase to 2.0 mmt, up 18 percent from last year, despite a smaller extraction rate. According to customs data, in MY 2004 Russia exported 495,000 metric tons of sunflower seed meal, and MY 2005 exports are forecast to exceed 530,000 metric tons. In October 2005, Russia already exported 52,500 metric tons of sunflower seed meal. Half of meal exports were sold to Spain and Italy, while the rest were shipped to Egypt, Cyprus, Israel, France, Azerbaijan, and Greece.

Imports of soybean meal in MY 2004, and prospects for MY 2005

Russian imports of soybean meal in MY 2004 reached nearly 540,000 metric tons. More than 72 percent of soybean meal imports were from the Netherlands, Germany and Belgium. Imports from Argentina were 45,000 metric tons, and officially reported imports from the U.S. were 22,000 metric tons. In October, Russia imported 46,000 metric tons of soybean meal, but imports are forecast to decrease slightly in MY 2005 due to high production of sunflower seed meal.

Sunflower seeds

Table 1, PSD, Sunflowerseeds, 1,000 Hectares, 1,000 Metric Tons

In MY 2005, total sunflower seed imports will remain at 10,000 metric tons, and planting seeds will constitute the main portion of these imports as it did in MY 2004. Exports are forecast to increase to 420,000 metric tons, a 7-fold increase from 60,000 metric tons that were reported by Russian customs in MY 2004. In 2005 officially reported area sown to sunflower seeds was 5.54 million hectares, 690,000 hectares more than previous year. Area harvested is calculated based on production and officially reported yields per harvested hectare, and this area increased from 4.7 million hectares in 2004 to more than 5.2 million hectares in 2005. Crush domestic consumption is forecast to increase to 5.26 mmt, Food Use and Feed and Waste are increased to 350,000 metric tons and 285,000 metric tons, increases of 40 percent and two times, respectively. End of year stocks are forecast to increase to 155,000 metric tons. Given that long storage of sunflower seeds significantly deteriorates quality of seeds, industry is trying to get rid of seeds by the end of season, and higher than 150,000 metric tons stocks are unlikely, or can be attributed to waste.

PSD Table						
Country	Russian Federation					
Commodity	Oilseed, Sunflowerseed				(1000 HA)	(1000 MT)
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		09/2003		09/2004		09/2005
Area Planted	4850	4850	4800	4850	5300	5540
Area Harvested	4850	4850	4650	4707	5300	5420
Beginning Stocks	25	25	70	70	60	60
Production	4850	4850	4750	4800	6400	6400
MY Imports	5	5	10	10	5	10
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	4880	4880	4830	4880	6465	6470
MY Exports	310	310	200	60	400	420
MY Exp. to the EC	250	250	100	10	150	200
Crush Dom. Consumption	4000	4000	4250	4370	5150	5260
Food Use Dom. Consump.	270	270	200	250	345	350
Feed,Seed,Waste Dm.Cn.	230	230	120	140	275	285
TOTAL Dom. Consumption	4500	4500	4570	4760	5770	5895
Ending Stocks	70	70	60	60	295	155
TOTAL DISTRIBUTION	4880	4880	4830	4880	6465	6470

Table 2, PSD, Sunflowerseed Meal, 1,000 Metric Tons

PSD Table						
Country	Russian Federation					
Commodity	Meal, Sunflowerseed				(1000 MT)(PERCENT)	
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		09/2003		09/2004		09/2005
Crush	4000	4000	4250	4370	5150	5260
Extr. Rate, 999.9999	0.39	0.39	0.3824	0.3890	0.3835	0.3802
Beginning Stocks	20	20	20	20	20	20
Production	1560	1560	1625	1700	1975	2000
MY Imports	45	45	40	40	10	10
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1625	1625	1685	1760	2005	2030
MY Exports	523	523	395	495	535	535
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	1082	1082	1270	1245	1445	1465
TOTAL Dom. Consumption	1082	1082	1270	1245	1445	1465
Ending Stocks	20	20	20	20	25	30
TOTAL DISTRIBUTION	1625	1625	1685	1760	2005	2030

Table 3, PSD, Sunflowerseed Oil, 1,000 Metric Tons

Sunflower seed oil production in MY 2005 is forecast at historic high of 2.08 mmt, although the oil extraction rate has decreased. Imports will shrink by two times to 70,000 metric tons due to abundant supply of domestic refined oil. In October 2005, Russia imported 8,000 metric tons of primarily refined oil. Exports of sunflower seed oil are forecast at 260,000 metric tons, up 30,000 metric tons from the reported 230,000 metric tons of exports in MY 2004. In October 2005, Russia already exported 23,200 metric tons of non-refined oil and 2,700 metric tons of refined oil. Industrial domestic consumption is forecast at 455,000 metric tons, 65,000 metric tons more than in MY 2004.

PSD Table						
Country	Russian Federation					
Commodity	Oil, Sunflowerseed				(1000 MT)(PERCENT)	
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		09/2003		09/2004		09/2005
Crush	4000	4000	4250	4370	5150	5260
Extr. Rate, 999.9999	0.3975	0.3975	0.4024	0.4005	0.4029	0.3945
Beginning Stocks	25	25	45	45	55	55
Production	1590	1590	1710	1750	2075	2075
MY Imports	150	150	140	140	35	70
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1765	1765	1895	1935	2165	2200
MY Exports	100	100	110	230	200	260
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	310	310	410	390	495	475
Food Use Dom. Consump.	1285	1285	1290	1230	1345	1345
Feed Waste Dom. Consum	25	25	30	30	55	55
TOTAL Dom. Consumption	1620	1620	1730	1650	1895	1875
Ending Stocks	45	45	55	55	70	65
TOTAL DISTRIBUTION	1765	1765	1895	1935	2165	2200